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SIPDIS

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SENSITIVE

DEPARTMENT PASS TO USTR AGAMA
TREASURY FOR PETERS
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SUBJECT: NIGERIAN TIFA TEAM STILL DELIBERATING

SENSITIVE BUT UNCLASSIFIED - HANDLE ACCORDINGLY

¶1. Summary: Ministry of Commerce and Industry reps are looking forward to hosting the December TIFA Council meetings. The Ministry's budget precludes it from hosting more than one day of meetings on December 11. The reps need more time to review the draft schedule, agenda and work plan. Bans on agricultural products are temporary measures. End Summary.

¶2. (U) On November 16, 2007 EconOffs and FAS Attache from Lagos met with Augustine A. Adigwe, Assistant Director, Mary Udu-Ejembi, Assistant Director (Bilateral), of the Department of Trade, Federal Ministry of Commerce and Industry to discuss TIFA preparations.

Budget Problems Shorten Program

¶3. (SBU) Adigwe commented that due to budgetary considerations the Ministry only had funding for one-day of Council meetings and events on December 11. He suggested the program be shortened and that all events take place on December 11. He reported that the Ministry planned to host the event at the Hilton hotel in Abuja; on December 12 the Minister was unavailable for meetings due to Cabinet meetings with President Yar'adua; and the Minister was planning to invite the Nigerian private sector to take part in the Council meetings on December 11.

¶4. (SBU) Adigwe agreed that the TIFA talks and AGOA discussions should be held at the same time on December 11. Adigwe asked for additional time to review the agenda and schedule for the AGOA program, Council meeting agenda and work plan. Econoff and Adigwe agreed to discuss by phone the following week and to meet on November 23 for further clarification.

¶5. (SBU) Econoff asked if an IPR program was of interest and Adigwe said yes and that it should be held on December 11, unless the USG planned to fund it and procure a site. Regarding a planned site visit on December 13 with an AGOA exporter, Adigwe said Ministry officials would welcome the opportunity to take part in the visit. Adigwe asked that USAID provide information on the name and location of the exporter.

Banned Agricultural Products

¶6. (SBU) FAS Attache briefed them on the existing bans and restrictions on many American agricultural products. He noted that outright bans on products are inconsistent with Nigeria's WTO commitments. Adigwe's responded that this was an issue that would

be addressed. He reported that an Asian country has reported to the WTO a complaint on Nigeria's ban on rice. He stressed that the GON would address these issues and that they were temporary measures.

¶17. (SBU) Comment: The Ministry's Director for External Trade told Econ Counselor November 9 that he and Minister Ugwu were fighting a rear-guard action to roll back Nigeria's import bans. The Director said that he and the Minister considered the bans to be injurious to Nigeria's economic development, as well as in conflict with WTO rules. The problem the Ministry was facing, he said, was that traditionally Nigerian producers and manufacturers had bypassed the Ministry and gone to the Presidency to get protectionist import bans in place.

¶18. (SBU) Comment continued: A further complication was that the Ministry of Finance opposed lowering or eliminating tariffs in general, because customs duties contribute to government revenues. (Note: Obviously, import bans do not/not produce any legal contributions to public revenues though smuggling to get around bans may be benefiting some Customs officials personally. End note). The Director said he and Minister Ugwu were making the argument internally that a more rationale customs regime would benefit government revenues more broadly through stronger economic growth (Note: Using bans to artificially constrain supplies also leads to higher prices at a time that Nigeria's president has publicly declared keeping inflation down to the single digits a national priority. End note).

¶19. (SBU) Comment continued: It certainly appears that the Ministry is open to the possibility of rolling back one or more import bans in the short-term. Embassy believes that should be a key goal of next month's TIFA Council. It may be wiser to set the rollback precedent with one or two of the more compelling cases, e.g. corn, than to seek a commitment to roll back all the bans at the Council.

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End comment.

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